LightPath Technologies Announces Realignment of the Company and the Closure of the Albuquerque Facility

For Immediate Release

(June 27, 2002) Albuquerque, NM. LightPath Technologies, Inc. (NASDAQ: LPTH), manufacturer and integrator of families of high performance fiber optic components for the telecom industry, announced plans to realign the Company and the consolidation of its corporate headquarters and manufacturing facilities in Albuquerque, New Mexico to Orlando, Florida.

Robert Ripp, Chairman of the Board of Directors of LightPath, said, "The current quarter will not meet our previously announced revenue and cash flow expectations. While there were some sales execution issues, telecom industry demand in the current quarter for LightPath lens products has fallen off sharply. The industry lens demand in ensuing quarters remains very uncertain. The outlook for LightPath's integrated platforms is stable and we can see opportunities to increase our offerings and to broaden our customer base. We believe the actions that we are announcing will: increase our cost competitiveness and accelerate our time to market in our optical lens business; provide for investments in new areas of revenue opportunity; and increase our financial flexibility to ensure we achieve and sustain a positive cash flow position. The Company remains committed to being operationally cash flow positive for the quarter ending December 31, 2002 and with these actions the Company will enter 2003 with approximately $8 million of cash on the balance sheet and we expect all of calendar 2003 to be cash flow positive."

The Company is realigning its business into three operating groups: the Optical Lens Group; the Laser Component Group; and the Optical Integration Group.

Mr. Ripp continued, "The optical lens business continues to be a core capability for LightPath and it will be consolidated in the Orlando, Florida facility. Dennis Yost, Senior Vice President of the newly formed Optical Lens Group, will manage the collimator and aspheric lens product lines. While we have recently signed a strategic agreement with Hikari Glass to manufacture GRADIUM™ glass for LightPath and have engaged with suppliers in the Far East to secure low cost lenses we must do more to reduce overhead and excess capacity in our lens facilities in New Mexico and Florida." Dennis Yost commented, "A single site will bring a sharper focus, a reduction in duplicate process engineering resources and a higher capacity utilization to significantly improve the cost competitiveness of our products. As part of our initiative, we will aggressively extend our offerings to non-telecom business segments. We expect to complete the transfer by September 30, 2002 and once fully implemented we expect to save approximately $1.8 million of expenses per quarter. We will eliminate approximately 66 positions in Albuquerque and we estimate total restructuring and asset impairments charges will range from $3.9 million to $4.3 million for closure costs (of which approximately $1.7 million will be cash charges) relating to employee severance costs, lease termination fees and asset impairments which will be recorded during the quarters ending June 30, 2002 and September 30, 2002. In addition, we estimate non-cash charges of approximately $1.7 million related to write downs for certain finished goods and raw materials inventory and the impairment of manufacturing equipment will also be reported in the quarter ending June 30, 2002."

The Company also announced the realignment of its integrated platform investment. Mr. Ripp stated, "In response to our customers requirements for a second site capability and the demand opportunity for comprehensive optical packing solutions, we intend to increase the contribution of the integrated platform segment of our business." Bob Cullen, Senior Vice President of the newly formed Laser Component Group and CEO of Horizon Photonics, a wholly owned subsidiary of LightPath, said, "We have had great success with our isolator product line and as our customers ask for more demanding optical performance, we see a great opportunity to provide the entire solution from laser to fiber. We will be investing $300,000 in capital expenditures in addition to a modest research and development increase in California, in support of optical generation and detection applications such as transmitters, transceivers and pumps. We believe these investments will yield additional sales of approximately $1.5 million per quarter by the close of fiscal 2003."

Mark Fitch, Senior Vice President of the newly formed Optical Integration Group located in Orlando, remarked, "The additional capacity and engineering investment in Orlando will allow LightPath to augment current passive optical packages such as OASIS™ and Vectra™ collimator arrays with new innovative passive optical modules, such as multiport and hybrid devices, to provide effective optical management solutions for our customers. The investment in Orlando will include $100,000 for capital expenditures and with the internal reallocation of research and development to focus on design wins. With additional revenue opportunities, the Laser Components and Optical Integration Groups can broaden the LightPath customer base which we expect will contribute approximately 55% of LightPath sales for the calendar year 2003, an increase from the current approximately 40%."

As part of this realignment, to increase our focus on the fiber optic innovation trends, and leveraging LightPath's capabilities and technologies, Dr. Jean-Luc Nogues has been named Senior Vice President and Chief Technology Officer. All members of this new organization will report to Ken Brizel, CEO and President, who will assume his new responsibilities July 8, 2002. In addition, the activities of Vice President of Sales (Ken Brizel will be acting Vice President of Sales as the position is currently vacant) and the CFO will report to Mr. Brizel.

Robert Ripp, Chairman of the Board, concluded, "To perform the highly critical task of aligning the fiber optic path, it is essential to have access to competitive lens technology and advanced integrated solutions that meet our customer requirements. Therefore, we are taking the necessary actions to ensure our competitiveness and cash flow sustainability, and we will make the investments that will better position LightPath going forward. We believe the actions we have announced will significantly enhance our long-term business prospects. The net reduction of $1.4 million in our quarterly cost and expense structure will enable LightPath to achieve a break even cash flow with less then $5 million in quarterly sales. While demand is uncertain, we believe the action of investing in the Laser Component and Optical Integration Groups and the improved competitiveness and expanded focus in the non-telecom sector of the Optical Lens Group will yield a sales level sufficient to achieve cash flow break even during the quarter ending December 31, 2002. We expect to exit calendar 2002 with a projected $8.0 million of cash (including payments for the restructuring charges) and believe we have the financial flexibility to withstand several quarters of weak sales in 2003 and beyond if that should occur."

LightPath manufactures proprietary collimator assemblies, GRADIUM™ glass products and other optical telecommunications products at its headquarters in Albuquerque. The Company's subsidiaries, Horizon Photonics and Geltech, manufacture isolator products utilizing proprietary automation technology in Walnut, California, and precision molded aspheric optics used in the active telecom components market in Orlando, Florida. The Company has 49 U.S. patents, plus 5 more pending, associated with its optical technologies. In addition, various foreign countries have issued a total of 29 patents with 15 patents pending. LightPath common stock trades on the Nasdaq National Market under the stock symbol LPTH.

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